

## India hikes wheat import duty to support local farmers

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**MUMBAI** - India has raised its import duty on wheat to 40 percent from 30 percent, the government said late on Friday, as the world's No. 2 producer of the grain tries to support local farmers.

The step comes as Prime Minister Narendra Modi's party looks to contain rural discontent due to lower crop prices amid voting in a general election that began on April 11 and ends on May 19.

Local wheat prices have fallen over 11 percent in 2019 due to ample supply from last year's crop and forecasts of record output.



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The hike in duty is likely to make imports of wheat unviable for flour mills even after recent declines in global prices, potentially dragging further on global grain markets.

"Local wheat production is higher. The government is now trying to ensure prices remain above support levels," said Harish Galipelli, head of commodities and currencies at Inditrade Derivatives & Commodities in Mumbai.

India has raised the price at which it buys new-season wheat from local farmers by 6 percent to 1,840 rupees per 100 kg for 2019.

The government usually purchases about a quarter of such wheat from farmers at state-set prices to build stocks to run a major food welfare programme.

India's wheat production will rise 2 percent in 2019 from the year before to a record 99.12 million tonnes, according to estimates from the country's agriculture department.

Only one wheat crop is grown in India each year, with planting starting in late October and harvesting in March.

Government wheat stocks stood at 17 million tonnes as of April 1, up nearly 30 percent from the same time a year ago.

"At 40 percent import duty, imports are not viable for flour mills. They have to buy local crop," said a Mumbai-based grain dealer with a global trading firm. He declined to be identified as he was not authorised to speak with media.

Indian flour millers imported 1.65 million tonnes of wheat in the 2017/18 fiscal year, down from 5.7 million tonnes the year before. Those shipments were mainly from Australia, Russia and Ukraine.

**Source:** <https://economictimes.indiatimes.com/news/economy/agriculture/india-hikes-wheat-import-duty-to-support-local-farmers/printarticle/69069702.cms>